

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

CRYSTALLEX INTERNATIONAL CORP.,)

Plaintiff,)

v.)

BOLIVARIAN REPUBLIC OF VENEZUELA,)

Defendant.)

Misc. No. 17-151-LPS

**SPECIAL MASTER’S MONTHLY REPORT
FOR THE PERIOD ENDED FEBRUARY 29, 2024**

Dated: May 31, 2024

ROBERT B. PINCUS in his capacity as
Special Master for the United States District Court for the District of Delaware
PO Box 4570
Wilmington, DE 19807

Dated: May 31, 2024

BY HAND DELIVERY & CM/ECF

The Honorable Leonard P. Stark
United States District Court for the District of Delaware
J. Caleb Boggs Federal Building
844 North King Street
Wilmington, DE 19801-3570

Re: *Crystallex International Corp. v. Bolivarian Republic of Venezuela*, D. Del.
C.A. No. 1:17-mc-00151-LPS; Special Master's Status Report for the Period Ended
February 29, 2024 (this "**Report**")

Dear Judge Stark:

By order dated April 13, 2021 [D.I. 258], Your Honor appointed me as Special Master in this case to design, oversee, and implement the sale of Petroleos de Venezuela, S.A.'s ("**PDVSA**") shares of PDV Holding Inc. On May 27, 2021, Your Honor issued the *Order Regarding Special Master* [D.I. 277] (the "**May 27 Order**")¹ setting forth, among other things, various obligations and duties applicable to the Special Master, the Parties, and ConocoPhillips (together with the Parties, the "**Sale Process Parties**"), including my obligation to provide the Court with a periodic status report concerning my progress and efforts. The last report that I submitted to the Court was for the period ending January 31, 2024 [D.I. 1141] (the "**January 2024 Report**"). I hereby write to provide this Report for the period since the January 2024 Report through February 29, 2024.

Summary of Events Taking Place since January 31

During February 2024, I have undertaken the following actions, with the assistance of my advisors (collectively, the "**Advisors**"), in accordance with my duties and obligations set forth in the May 27 Order:

¹ All capitalized terms used but not otherwise defined herein, have the meanings ascribed to such terms in the May 27 Order and the Sixth Revised Proposed Order (A) Establishing Sale and Bidding Procedures, (B) Approving Special Master's Report and Recommendation Regarding Proposed Sale Procedures Order, (C) Affirming Retention of Evercore as Investment Banker by Special Master and (D) Regarding Related Matters [D.I. 481] (the "**Sale Procedures Order**").

The Honorable Leonard P. Stark

May 31, 2024

Page 2

- Engaged in various work streams related to the Marketing Process in furtherance of my obligations under the Sale Procedures Order, including:
 - Continuing to develop a list of Potential Bidders² in consultation with CITGO's management team and my Advisors;
 - Negotiating Non-Disclosure Agreements (the "**NDAs**") with Potential Bidders in consultation with my Advisors and, as necessary, CITGO's management team;
 - Regularly meeting with CITGO's management team regarding outstanding diligence, reviewing and responding to diligence requests from Potential Bidders, and analyzing documents in connection therewith;
 - Evaluating potential transaction structures with my Advisors;
 - Preparing documentation related to a potential Sale Transaction, including the Stock Purchase Agreement and related documentation, and conducting analysis and research related thereto;
 - Reviewing and analyzing Round 1 non-binding indications of interest ("**IOIs**") and conferring with the Sale Process Parties regarding the same;
 - Conferring with judgment holders seeking to be designated as Additional Judgement Creditors and analyzing their purported final judgement amounts;
 - Conducting analysis and research potential antitrust issues related to potential transaction structures;
 - Reviewing and analyzing due diligence materials and information provided by CITGO's management team in the Data Room (as defined in the Bidding Procedures); and
 - Preparing and negotiating Clean Team Agreements in connection with Potential Bidder access to due diligence materials.
- Carried out Your Honor's directives under the *Memorandum Order* dated October 11, 2023 (the "**October 11, 2023 Order**") [D.I. 738], adopting the Special Master's recommendations for procedures implementing the various milestones established by the *Memorandum Order* dated July 27, 2023 [D.I. 646] (the "**July 27, 2023**

² As defined under the Bidding Procedures [D.I. 480-1].

The Honorable Leonard P. Stark

May 31, 2024

Page 3

Order”) as set forth in the Joint Status Report, dated August 24, 2023 [D.I. 693] (the “*August 24 Status Report*”) including:

- Preparing the Steps Chart (as defined under the October 11, 2023 Order) and filing the *Letter to the Honorable Leonard P. Stark from Special Master Robert B. Pincus Regarding the Steps Chart* [D.I. 994] (the “*February Steps Chart*”) on February 29, 2024, related to the same;
 - Preparing and filing a proposed form of the Priority Order and the Writ Order (both as defined in the August 24 Status Report);
 - Meeting and conferring with the U.S. Marshals Service, pursuant to Your Honor’s *Oral Order* dated February 15, 2024 [D.I. 965], regarding the proposals presented in the Procedures Motion (defined below) and filing letter correspondence regarding the same with the Court [D.I. 978];
 - Reviewing and analyzing various motions and related submissions filed by Ricardo Devengoechea, Ostrider Limited, UML Blandford Limited, Union Glory Limited, and Clion Limited, Green Earth Technologies, Inc., Altana Credit Opportunities Fund SPC, Altana Credit Opportunities 1 SP, and Altana Funds Ltd. Cayman, and Cimontubo – Tubagens e Soldadura, LDA requesting either (i) designation as an Additional Judgment Creditor or (ii) to extend the Step (5) Writ Deadline and other deadlines applicable to the Attached Judgment process [D.I. 920, 922, 923, 924, 925, 926, 927, 951, 980 & 981], and filing responses to the same [D.I. 830 & 853]; and
 - Meeting and conferring with parties-in-interest, as directed by Your Honor’s *Oral Order*, dated January 25, 2024 [D.I. 890], with regard to the submission of a joint status report detailing the parties’ positions regarding their possible designation as Additional Judgment Creditors.
- Conferred with my Advisors and Potential Bidders regarding the PDVSA 2020 Bondholder litigation and its potential implications for the Sale Process.
 - Reviewed and analyzed the New York State Court of Appeals’ *Opinion* dated February 20, 2024, in the ongoing New York Supreme Court of Appeals case, *Petróleos de Venezuela et al. v. MUFG Union Bank, N.A. et al.* (NYS COA Case No. 2022-00003) regarding the validity of the PDVSA 2020 Bondholders’ pledge.
 - Analyzed and discussed potential transaction structures related to the PDVSA 2020 Bondholders.
 - Scheduled a status conference, pursuant to Your Honor’s *Oral Order*, dated February 13, 2024 [D.I. 962], after meeting and conferring with the Marketing

The Honorable Leonard P. Stark

May 31, 2024

Page 4

Process Parties and other parties-in-interest, and prepared and filed letter correspondence proposing a February 27, 2024 status conference [D.I. 871].

- Prepared and filed a proposed agenda for the status conference held on February 27, 2024 (“**February 27 Status Conference**”) [D.I. 961 & 988].
- Prepared for and attended the February 27 Status Conference regarding the status of the Marketing Process, Special Master’s final determination of Attached Judgment amounts, and the *Special Master’s Motion Requesting Amendment of Certain Priority Arrangement Procedures* [D.I. 928] (the “**Procedures Motion**”).
- Prepared and filed the Procedures Motion on February 5, 2024 and accompanying letter correspondence requesting expedited briefing schedule regarding the same [D.I. 929].
- Reviewed all responses to the Procedures Motion [D.I. 943 & 945] and prepared a reply in support of the Procedures Motion [D.I. 959].
- Reviewed Your Honor’s *Order Granting Amendment of Certain Priority Arrangement Procedures* [D.I. 990] and drafted an internal memorandum outlining the necessary milestones for implementing the amended priority arrangement procedures under the Procedures Motion.
- Prepared and participated in an *ex parte* meeting with Your Honor and my Advisors on February 2, 2024, and filed a notice of the same [D.I. 932] in accordance with Your Honor’s *May 10, 2023 Memorandum Order* [D.I. 559] and *July 17, 2023 Memorandum Order* [D.I. 643].
- Prepared and drafted the *Special Master’s Monthly Report for the Period Ended December 31, 2023* [D.I. 998].
- Reviewed and analyzed the *Motion for Miscellaneous Relief in Connection with the Sale Procedures Order* filed by Gramercy Distressed Opportunity Fund, LLC and Rudi Lovati and Alessandro Lucibello Piani [D.I. 893] filed on January 26, 2024, prepared a response thereto [D.I. 935], and reviewed Your Honor’s *Memorandum Order* dated February 15, 2024 [D.I. 963] in connection therewith.
- Reviewed and analyzed the Additional Judgment Creditors’ statements in support of their purported Final Judgment Amounts, conducted various research regarding the same, met and conferred with the Additional Judgment Creditors regarding the same, and prepared and filed the *Special Master’s Motion Seeking Final Determination of the Attached Judgments* [D.I. 989].

The Honorable Leonard P. Stark

May 31, 2024

Page 5

- Reviewed various materials responsive to Freedom of Information Act requests initiated by the Venezuela Parties against the Department of Justice, conferred with Department of Justice representatives, and conducted research and analysis regarding the same.

Statement of Fees and Expenses

The May 27 Order requires that I submit an Itemized Statement of my fees and expenses to the Court. During the period from February 1, 2024 to February 29, 2024, my Advisors and I have incurred an aggregate of \$ 1,576,234.29 of fees and expenses in connection with carrying out my duties as Special Master, as shown in the table below. Pursuant to the Sale Procedures Order *Memorandum Order* dated January 8, 2024 [D.I. 838] (the “**January 8 Order**”); *Oral Order* dated January 24, 2024 [D.I. 886] (the “**January 24 Order**”), each Sale Process Party and Additional Judgment Creditor is required to make prompt payment of its allocation of Transaction Expenses as a condition to retaining its status as an Additional Judgment Creditor. Following the approval by the Court of the Transaction Expenses described in this Report, the Special Master will send an invoice to each Sale Process Party and Additional Judgment Creditor setting forth the amount such party is required to pay, as well as wire instructions for payment. All Transaction Expenses will be paid per capita by each Sale Process Party and Additional Judgment Creditor.

Special Master	\$30,872.50
Santora CPA Group Retainer ³	\$25,000.00
Weil, Gotshal & Manges LLP	\$1,300,677.06
Evercore	\$201,267.73
Jenner & Block LLP	\$0.00
Potter Anderson & Corroon LLP	\$18,417.00
Total	\$1,576,234.29

This amount includes the monthly fees and expenses of counsel in connection with the matters described above and the monthly fees of my financial advisor, Evercore, for February, in connection with their assistance with the preparation for the Marketing Process, including the performance of due diligence and related analysis. The Itemized Statement, attached as Annex V hereto, contains a breakdown of such fees and expenses among my Advisors and myself. I respectfully request that Your Honor determine that such fees and expenses are regular and reasonable. A proposed form of order is enclosed for Your Honor’s consideration.

³ The Special Master has engaged Santora CPA Group, an accounting firm, to assist in tracking and managing the reimbursements of the transaction fees and expenses from Sale Process Parties and Additional Judgment Creditors now that the number of independent payments has substantially increased.

The Honorable Leonard P. Stark

May 31, 2024

Page 6

I am available at the convenience of the Court, should Your Honor have any questions.

Respectfully Yours,

/s/ Robert B. Pincus

Robert B. Pincus, in my capacity as
Special Master for the United States
District Court for the District of
Delaware

Enclosure

cc: Counsel of Record (via CM/ECF and E-Mail)